

Message Text

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21

ACTION ARA-10

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /057 W

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R 272139Z FEB 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2174

INFO AMEMBASSY BOGOTA

AMEMBASSY GOERGETOWN

AMEMBASSY PORT OF SPAIN

AMCONSUL CURACAO

C O N F I D E N T I A L CARACAS 2337

E.O. 11652: GDS

TAGS: PINT, PGOV, PINS, SWEL, VE

SUBJ: THIS WEEK IN VENEZUELA

SUMMARY. REORGANIZATION OF COPEI'S NATIONAL LEADERSHIP COMPLETED. STUDENT MARCH RESULTS IN VIOLENCE. TWO GOVERNORS RESIGNED. CONGRESS WILL RECONVENE NEXT WEEK. FISCAL REFORM LEGISLATION PREPARED. GOV APPROVES BS. 25 MILLION LOAN FOR GUATEMALA.

1. THIS WEEK IN CARACAS. THE SECRETARY'S VISIT TO LATIN AMERICA WAS UPPERMOST IN MOST MINDS HERE THIS WEEK, WITH THE U.S.-BRAZILIAN AGREEMENT THE FOCUS OF LOCAL MISUNDERSTANDING OF THE TRUE NATURE AND PURPOSE OF THE AGREEMENT BASED ON MISLEADING PRESS REPORTS. WE ARE WIDELY DISSEMINATING THE SECRETARY'S SAN JOSE TOAST IN ORDER TO PLACE THE ACCOMPLISHMENTS OF HIS TRIP AND THE U.S.-BRAZIL MEMORANDUM OF UNDERSTANDING IN THE CORRECT PERSPECTIVE. OTHERWISE, ALTHOUGH SOME STUDENT UNREST PERSISTED, PARTICULARLY IN THE CARACAS AREA, THE CITY WAS GETTING READY FOR THE LONG (FEB. 27

MARCH 2) CARNIVAL WEEKEND, DURING WHICH MOST SERIOUS ENDEAVOR IN CARACAS CEASES.

2. COPEI. SUPPORTERS OF SENATOR LUSI HERRERA CAMPINS HAVE BEEN INSTALLED IN MOST OF THE POSITIONS OF POWER WITHIN COPEI. DEPUTY
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RAFAEL MONTES DE OCA AND SENATOR JUAN JOSE RACHADELL HAVE BEEN

NAMED DEPUTY SECRETARIES GENERAL REPLACING DEPUTY EDUARDO FERNANDEZ, A CALDERA LOYALIST, WHO NEVERTHELESS CONTINUES AS PARTY WHIP IN CONGRESS. EX-FOREIGN MINISTER ARISTIDES CALVANI IS THE NEW INTERNATIONAL AFFAIRS SECRETARY AND THE NEW ORGANIZATION SECRETARY IS MANUEL SELVA.

3. STUDENT UNREST. FOLLOWING LAST WEEK'S DEMONSTRATIONS, CLASSES RESUMED AT CENTRAL UNIVERSITY AND CARACAS HIGH SCHOOLS FEBRUARY 23. HOWEVER, A "PACIFIC" STUDENT PROTEST MARCH FEBRUARY 25 THROUGH DOWNTOWN CARACAS BY UCV STUDENTS ATTRACTED MANY SECONDARY STUDENTS AND ERUPTED INTO VIOLENCE WHEN YOUTH GANGS LEFT THE APPROVED ROUTE AND BEGAN BREAKING WINDOWS. POLICE DISPERSED THE STUDENTS WITH TEAR GAS, INJURED SEVERAL AND DETAINED ABOUT 100.

4. GOVERNORS RESIGN. PRESIDENT PEREZ ACCEPTED THE RESIGNATION OF THE GOVERNOR OF YARACUY, JOSE ALVAREZ MALDONALDO, ON FEBRUARY 26. POLITICAL LEADERS HAD CALLED FOR ALVAREZ'S RESIGNATION FOLLOWING TWO DEATHS IN STUDENT DEMONSTRATIONS IN YARACUY FEBRUARY 14. IN AN UNRELATED CHANGE AD SENATOR ELIAS CASTRO CORREA HAS BEEN NAMED GOVERNOR OF APURE FOLLOWING THE RESIGNATION OF EDUARDO HERNANDEZ.

5. CONGRESS CONVENES. CONGRESS WILL COMMENCE ITS 1976 SESSION ON MARCH 3 WITH THE INSTALLATION OF THE OFFICERS FOR THIS YEAR'S SESSION. THEY WILL BE UNCHANGED FROM 1975 WITH AD PRESIDENT GONZALO BARRIOS AS SENATE PRESIDENT AND COPEI DEPUTY OSWALDO ALVAREZ PAZ PRESIDING IN THE CHAMBER OF DEPUTIES. PRESIDENT PEREZ WILL PRESENT HIS ANNUAL MESSAGE TO A JOINT CONGRESSIONAL SESSION MARCH 12.

6. FISCAL REFORM. FINANCE MINISTER HECTOR HURTADO HAS STATED THE GOV'S INTENTION TO INTRODUCE LEGISLATION TO OVERHAUL VENEZUELA'S FISCAL SYSTEM, INCLUDING ALL TYPES OF TAXATION, PUBLIC CREDIT, THE BUDGET, AND ADMINISTRATIVE DECENTRALIZATION. NEW TAXES ON LUXURY GOODS AT THE WHOLESALE LEVEL, UNUSED FARM LAND, AND GOVERNMENTAL IMPROVEMENTS WHICH BENEFIT PRIVATE PARTIES WILL SHORTLY BE PROPOSED TO CONGRESS.

7. BS. 25 MILLION FOR GUATEMALA. CONGRESS' DELEGATED COMMITTEE APPROVED FEBRUARY 25 A BS. 25 MILLION (\$5.8 MILLION) LOAN FOR GUATEMALAN RELIEF. THIS AMOUNT WILL GO TO THE OAS SPECIAL FUND
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TO ASSIST WITH RECONSTRUCTION. NEWSPAPER ADS THIS WEEK REPEATED THE APPEAL FOR EMPLOYEES TO DONATE 2 PERCENT OF THEIR FEBRUARY SALARY WITH MATCHING CONTRIBUTIONS FROM EMPLOYERS TO AID THE EARTH-QUAKE'S VICTIMS.

8. OTHER SUBJECTS REPORTED SEPARATELY INCLUDE VENEZUELAN REACTION TO THE SECRETARY'S BRAZIL VISIT (CARACAS 2100 AND CARACAS 2164), DEPUTY ACCUSES U.S. CITIZEN OF BRIBERY IN OCCIDENTAL CASE (CARACAS

2163), VENEZUELAN ASSISTANCE TO GUATEMALA (CARACAS 2202), NEW
LABOR MINISTER APPOINTED (CARACAS 2220), U.S. MEMBERSHIP IN
INTERNATIONAL COFFEE AGREEMENT (CARACAS 2267), STATUS OF
RAILROAD EXPANSION PROJECT (CARACAS 2101 AND CARACAS 2217), AND
PERUVIAN FINANCE MINISTER'S VISIT (CARACAS...).

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Margaret P. Grafeld
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